STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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December 15, 2014

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TO PARTIES OF RECORD IN RULEMAKING 12-11-005:

This is the proposed decision of Commissioner Michael R. Peevey. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's January 15, 2015 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ TIMOTHY J. SULLIVAN
Timothy J. Sullivan
Chief Administrative Law Judge (Acting)

TJS:sbf

Attachment

Decision **PROPOSED DECISION OF COMMISSIONER PEEVEY**
(Mailed 12/15/2014)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues.	Rulemaking 12-11-005 (Filed November 8, 2012)

DECISION EXTENDING THE MULTIFAMILY AFFORDABLE SOLAR HOUSING AND SINGLE FAMILY AFFORDABLE SOLAR HOMES PROGRAMS WITHIN THE CALIFORNIA SOLAR INITIATIVE

Table of Contents

DECISION EXTENDING THE MULTIFAMILY AFFORDABLE SOLAR HOUSING AND SINGLE FAMILY AFFORDABLE SOLAR HOMES PROGRAMS WITHIN THE CALIFORNIA SOLAR INITIATIVE

1. Summary

Pursuant to Assembly Bill (AB) 217 (Bradford, 2013), this decision establishes budgets, incentives, and evaluation requirements for the Multifamily Affordable Solar Housing (MASH) and the Single Family Affordable Solar Homes (SASH) programs. This decision establishes a $54 million solar incentive program for MASH and a $54 million solar incentive program for SASH. MASH and SASH will provide solar incentives to qualifying affordable housing, as defined in state law.

MASH will continue to be administered by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and the Center for Sustainable Energy (CSE).[1] SASH will continue to be administered by GRID Alternatives.

To maximize overall benefit to ratepayers, this decision reduces the MASH administrative budget and increases the incentive budget and establishes reduced incentive levels for MASH and SASH. In addition, this decision requires Energy Savings Assistance (ESA) Program enrollment for eligible tenants, energy efficiency walkthroughs to help encourage cost-effective energy efficiency measures before installing more expensive solar photovoltaic (PV) systems, and the provision of job training and employment opportunities on all solar PV systems installed under these programs.

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[1] The Center for Sustainable Energy administers MASH in San Diego Gas and Electric Company's service territory.

2. Background

In Decision (D.) 06-01-024, the Commission collaborated with the California Energy Commission (CEC) to establish the California Solar Initiative (CSI) and the New Solar Homes Program (NSHP) to fund rebates for installation of qualifying solar energy systems for customers of Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E).[2] In that decision, the Commission committed ratepayer funds of $2.5 billionover a 10-year period for solar incentives and required that 10% of the funds be used for projects for low-income residential customers and affordable housing projects. In March 2006, the Commission opened a new proceeding, Rulemaking (R.) 06-03-004, to handle the implementation details of CSI, including establishing a low-income and affordable housing incentive program. In August 2006, the Commission adopted D.06-08-028 containing implementation details for the general market portion of CSI, while details surrounding incentives to low-income and affordable housing were set for consideration in Phase II of the proceeding. At the same time, the Governor signed Senate Bill (SB) 1,[3] containing a modified budget and other directives to the Commission regarding CSI and NSHP. In response to SB 1, the Commission issued another decision in December 2006 modifying CSI.[4]

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[2] CSI is overseen by the California Public Utilities Commission (CPUC) and targets solar facilities on existing homes and new and existing businesses. NSHP is overseen by the CEC and targets solar installations in the new home construction market, including solar on newly constructed low-income housing.

[3] Statutes of 2006, Chapter 132.

[4] *See* D.06-12-033.

Significantly, this decision, D.06-12-033, adopted a 10-year total CSI budget of $2.1668 billion and a low-income incentive budget of $216.68 million.[5][6]

Also in 2006, the Legislature passed Assembly Bill (AB) 2723[7] requiring the Commission to ensure that not less than 10% of overall CSI funds be used for installation of solar energy systems on “low-income residential housing,” as defined in the bill.

In designing a low-income and affordable housing solar incentive program, the Commission adopted a program for qualifying low-income single family homeowners separately from a program for multifamily affordable housing. In November 2007, the Commission issued D.07-11-045, which established a $108 million SASH incentive program for low-income homeowners to provide subsidies for solar energy systems on existing owner-occupied low-income households. In October 2008, the Commission issued D.08-10-036, which established a $108 million MASH incentive program for qualifying affordable housing developments, as defined in state law.

In 2013, the Legislature passed AB 217 (Bradford),[8] which authorizes $108 million in new funding for MASH and SASH, sets a goal of 50 megawatts (MW) of installed capacity across both programs, and extends the programs until 2021, or the exhaustion of the new funding, whichever occurs first. AB 217 also sets the following new policy goals:

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[5] *Id*., at 28.

[6] D.11-12-019, adopted on December 1, 2011, increased the CSI budget by an additional $200 million.

[7] Statutes of 2006, Chapter 864.

[8] Statutes of 2013, Chapter 609.

- Maximize the overall benefit to ratepayers;
- Require participants who receive monetary incentives to enroll in the Energy Savings Assistance (ESA) program, if eligible; and
- Provide job training and employment opportunities in the solar energy and energy efficiency sectors of the economy.

On December 18, 2013, Energy Division held a workshop on implementation of AB 217. On July 2, 2014, the Administrative Law Judge (ALJ) issued a ruling requesting comments on an Energy Division Staff Proposal Regarding Implementation of AB 217.[9] Comments on the Staff Proposal were filed July 22, 2014 by the California Solar Energy Industries Association (CALSEIA), the Center for Sustainable Energy (CSE), Everyday Energy, the Greenlining Institute, GRID Alternatives, the MASH Coalition, PG&E, Renewable Energy Partners, SCE, the Solar Energy Industries Association (SEIA), and Shorebreak Energy. Reply comments were filed on August 1, 2014 by CALSEIA, CSE, Everyday Energy, GRID Alternatives, the MASH Coalition, the Office of Ratepayer Advocates (ORA), PG&E, Renewable Energy Partners, SCE, and Shorebreak Energy.

The Staff Proposal and comments on specific issues within the proposal are discussed by issue in the sections that follow.

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[9] *See*, Administrative Law Judge's Ruling: (1) Incorporating Staff Proposal Into the Record; (2) Requesting Comments from Parties; and (3) Setting Comment Dates, http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M096/K688/96688965.PDF.

3. Retention of Existing MASH and SASH Policies and Procedures

In today's decision we retain all existing policies and procedures that apply to the existing MASH and SASH programs, unless specified otherwise in this decision.

The Staff Proposal recommends that, unless explicitly addressed in the Staff Proposal, the policies and procedures in the CSI Handbook and previous Commission decisions on the CSI programs should be retained to ensure maximum program continuity. All commenting parties agree with Staff's proposal. CSE further notes that any additional changes that may need to be made in the future should be done through either a petition for modification or advice letter, as appropriate, as is the current approach for the MASH and SASH programs.

We herein clarify that unless specified otherwise in this decision, we retain all of the same policies and procedures in the CSI and SASH Handbooks and previous Commission decisions on the CSI programs that currently apply to the existing MASH and SASH programs for the new authorization of both programs.

4. Administration

4.1. Maintenance of Administrative Resources

In today's decision we require the MASH and SASH Program Administrators to update and maintain their program databases and handbooks. We decline to assign the task of maintenance of the eligible equipment list or GoSolarCalifornia brand and website for these programs to the MASH and SASH Program Administrators.

Under the existing MASH program, the MASH Program Administrators track MASH program data through the *PowerClerk* online database and document MASH program policies in the MASH section of the CSI Handbook. Under the existing SASH program, the SASH Program Administrator tracks program data through a *Salesforce* database and documents SASH program policies in the SASH Handbook.

The Staff Proposal notes that, to implement new program requirements introduced by AB 217, changes will need to be made to the existing *PowerClerk* online database and the MASH and SASH program Handbooks. The Staff Proposal recommends the Commission require the MASH and SASH Program Administrators to update and maintain both resources for the duration of the new programs and require that incentive application documents and records be accepted and stored in accessible electronic form whenever possible.[10]

CSE, Everyday Energy, PG&E, and SCE support the Staff Proposal. CSE recommends developing a separate handbook specifically for MASH, as the CSI General Market program will sunset at the end of 2016.[11] In addition to the *PowerClerk* database and program Handbooks, CSE identifies that the CEC-certified eligible equipment list, and the GoSolarCalifornia brand and website should be maintained for the MASH and SASH programs after the close of the CSI General Market program.[12] CSE also seeks clarification as to whether the MASH Program Administrators will be required to maintain the contract for the General Market CSI *PowerClerk* database.[13]

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10 Staff Proposal July 2, 2014 at 15.

11 CSE July 22, 2014 comments at 3.

12 CSE July 22, 2014 comments at 3.

13 CSE July 22, 2014 comments at 3.

We agree with the Staff Proposal and parties that the ongoing maintenance of administrative resources will be necessary for Program Administrators to effectively manage the new authorization of the MASH and SASH programs. We direct the MASH Program Administrators to maintain the MASH portion of the *PowerClerk* online application database through the end of the new program authorization. However, the MASH Program Administrators are not required to maintain the database contract for the CSI General Market program. We also direct the SASH Program Administrator to maintain the SASH program database, which is separate from the *PowerClerk* database, through the end of the new program authorization.

We require the SASH Program Administrator to update the SASH Handbook to reflect changes to the program established in this decision, and to continue to maintain the Handbook through the close of the new program authorization. As the CSI General Market program will sunset at the end of 2016, we require the MASH Program Administrators to create a standalone Handbook for the new MASH program, and to maintain the Handbook through the close of the new program authorization. The new MASH Handbook should utilize existing MASH program language in the CSI Handbook, as appropriate, and be edited to include changes to the program established in this decision. We also require the Program Administrators to accept and store incentive application documents and records in accessible electronic form in the *PowerClerk* database whenever possible going forward.

With regard to ongoing maintenance of the CEC-certified eligible equipment list and the GoSolarCalifornia brand and website, we believe it is premature to assign responsibility for the maintenance of these resources specifically for the MASH and SASH programs, as the CSI General Market program, which established authorization of these resources, does not sunset until 2016. We therefore decline to assign responsibility for maintenance of these resources at this time.

4.2. MASH Program Administration

In today's decision we authorize the current MASH Program Administrators to continue in their roles through the end of the AB 217 program extension.

MASH has been administered to date by PG&E, SCE and CSE.[14] The Staff Proposal recommends centralization of MASH Program Administration into a single Program Administrator across all three Investor-owned Utilities (IOU) territories.[15] Staff suggests that consolidation could result in increased efficiency due to economies of scale and the benefits of standardization.[16] Staff also suggests that the Program Administrator be selected through a competitive request for proposals (RFP) process.[17]

CALSEIA, CSE, the Greenlining Institute, and GRID Alternatives are generally supportive of consolidation. These parties state that centralized program administration with a single entity could increase administrative efficiency. CALSEIA states that centralization would fast track program implementation and promote consistency in program administration across the

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[14] *See* D.08-10-036, Decision Establishing Multifamily Affordable Solar Housing Program within the California Solar Initiative, Conclusion of Law 13 at 49.

[15] Staff Proposal July 2, 2014 at 18.

[16] Staff Proposal July 2, 2014 at 18.

[17] Staff Proposal July 2, 2014 at 18.

state.[18] CSE states that centralization will allow program issues to be addressed in a timelier manner and make oversight more straightforward.[19] GRID Alternatives states that a centralized Program Administrator could better coordinate the job training required by AB 217.[20]

The MASH Coalition, PG&E, Renewable Energy Partners, SCE, Everyday Energy, ORA, and Shorebreak Energy oppose the Staff Proposal's recommendation. These parties state that the three existing Program Administrators have been efficient to date and that putting out the Program Administrator role for competitive solicitation would further delay the start of the currently suspended MASH program. PG&E, SCE and ORA note that there are many projects on the MASH waitlist, which could translate into rapid subscription of the available MASH capacity once the program reopens, thereby reducing the opportunity for efficiencies from ongoing program administration by a single administrator.[21] PG&E and SCE also point out that they have both efficiently managed their administrative budgets, expending only 30% to 40% of their authorized administrative budgets, and highlight that through their current administration of MASH, they have expertise in this market sector in their service territories.[22] Renewable Energy Partners, alternatively, recommends that the program transition to a single Program Administrator 24 months after the

[18] CALSEIA July 22, 2014 comments at 4.

[19] CSE July 22, 2014 comments at 8.

[20] GRID Alternatives July 22, 2014 comments at 5.

[21] PG&E July 22, 2014 comments at 4; SCE July 22, 2014 comments at 6; ORA reply comments August 1, 2014 at 7.

[22] PG&E July 22, 2014 comments at 2-3; SCE July 22, 2014 comments at 6.

new MASH program is implemented and allow the current Program Administrators to manage the program in the initial 24 months, so as to facilitate speedy implementation of the new program and not delay the resurgence of the market.[23]

We are not persuaded that centralization of the Program Administrator role at this phase of the program would result in any additional administrative efficiencies. The existing MASH Program Administrators have efficiently administered the program at a fraction of their allocated administrative budgets while fully subscribing available incentives. The existing Program Administrators also have experience working with affordable housing developers, property owners, and customers in their service territories, which will be valuable for the efficient administration of the program going forward. We expect that, given the long waitlist, the MASH incentives could be subscribed quickly, thereby diminishing the potential efficiencies that could be realized by centralized program administration over the long-term.

Therefore, the current MASH Program Administrators shall continue administering the MASH program in their territories through the close of the program extension. Maintaining the current program administration roles will expedite implementation of the new program and allow the program to continue to benefit from the experience the administrators have gained over the previous five years of the program.

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[23] Renewable Energy Partners July 22, 2014 comments at 1.

4.3. SASH Program Administration

In today's decision, we direct SCE to renew its contract with GRID Alternatives for continued administration of the SASH program through the end of the AB 217 program extension.

In D.07-11-045, the Commission determined that a single statewide Program Administrator should manage the SASH program across the three utility service territories and that a competitive solicitation should be conducted to fill this role.[24] As directed in D.07-11-045, SCE issued an RFP for SASH Program Administration in 2008, and the Energy Division selected GRID Alternatives to administer SASH and directed SCE to execute a contract with it for SASH program administration. GRID Alternatives has administered the SASH program to date through a contract with SCE. For purposes of consistency with D.07-11-045, and with the Staff Proposal's recommendation to issue an RFP for MASH program administration, the Staff Proposal requested party comments on whether a competitive solicitation should be pursued for a new SASH Program Administrator for the AB 217 extension of the SASH program.[25]

CALSEIA, CSE, Everyday Energy, Greenlining Institute, GRID Alternatives, PG&E, SCE, and the MASH Coalition agree that GRID Alternatives should remain as the SASH Program Administrator. No commenters recommend that the SASH Program Administrator role be put out for the competitive RFP solicitation process. CALSEIA, CSE, Greenlining Institute, GRID Alternatives, and SCE add that GRID Alternatives has proven to be a

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[24] *See*, D.07-11-045, Opinion Establishing Single-Family Low-Income Incentive Program within the California Solar Initiative, Ordering Paragraphs 2 and 3 at 46.

[25] Staff Proposal July 2, 2014 at 27-28.

successful program administrator and is uniquely positioned to run this program. They also highlight that it is critical that implementation of the new SASH program be quick and efficient, and that issuing a competitive solicitation for that role is unnecessary and would unduly delay program implementation.[26] PG&E states that if an RFP is required for the MASH Program Administrator role, an RFP should also be required for the SASH Program Administrator role for purposes of consistency across the two programs.[27]

We find that GRID Alternatives has considerable expertise and success in managing the SASH program and working with low-income communities and that the program will benefit if GRID Alternatives continues to administer SASH through the end of the AB 217 program extension at the end of 2021 or until funding is expended, whichever occurs first. We also find that it is unnecessary for SCE to issue another RFP for GRID Alternatives to continue in its administration of the program, given that GRID Alternatives is uniquely positioned to fill this role, and has a strong track record of managing the SASH program efficiently and effectively. Therefore, we direct SCE to renew its existing contract with GRID Alternatives for the SASH Program Administrator role through the end of the AB 217 program extension.

5. ESA Program Requirements

Section 2852(d)(2) directs the Commission to ensure that the MASH and SASH programs require "participants who receive monetary incentives to enroll

[26] CALSEIA July 22, 2014 comments at 6; CSE July 22, 2014 comments at 14; Greenlining Institute July 22, 2014 comments at 5-6; GRID Alternatives July 22, 2014 comments at 6-8; SCE July 22, 2014 comments at 7.

[27] PG&E July 22, 2014 comments at 11.

in the Energy Savings Assistance Program established pursuant to Section 382, if eligible."

The Staff Proposal notes that GRID Alternatives already refers SASH participants to the ESA Program and recommends that SASH participant enrollment in the ESA Program be adopted as a requirement of the SASH program going forward.[28]

For the MASH Program, the Staff Proposal recommends that each MASH applicant be required, as part of the application process, to provide a list of all tenants of the multifamily building that are eligible for the ESA Program. This list would then be forwarded by the MASH Program Administrators to ESA Program staff at the relevant utility for follow up with tenants regarding enrollment.[29] The Staff Proposal also recommends the Commission require the MASH and SASH Program Administrators to provide a confidential Data Annex to their semi-annual program reports that includes the number of customers their program has referred to the ESA Program.[30]

No parties commented on the SASH ESA enrollment requirement.

Parties disagree with the Staff Proposal's recommendation on MASH tenant ESA Program enrollment. Everyday Energy, the MASH Coalition, and PG&E state that building owners do not have access to confidential tenant information, like individually metered tenant rate schedules, and therefore cannot be required to determine which of their tenants would be eligible for the

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[28] Staff Proposal July 2, 2014 at 30.

[29] Staff Proposal July 2, 2014 at 20.

[30] Staff Proposal July 2, 2014 at 30.

ESA Program.[31] PG&E instead recommends that the three utilities run a regularly scheduled query of their billing databases of newly enrolled MASH tenants, and deliver the list of tenants to ESA Program staff on the first and 15th of each month for follow up with tenants regarding enrollment in the program.[32] The MASH Coalition and Everyday Energy support PG&E's proposal.[33] CALSEIA suggests that any requirement on the applicant should be limited to only informing tenants about the ESA Program.[34] The MASH Coalition states that if a property is master-metered, there should not be an ESA Program enrollment requirement for tenants of that property.[35]

The Greenlining Institute states that changes to the statute made by AB 217 require that every tenant at a MASH or SASH participating property must enroll in the ESA Program in order for the property to be eligible for MASH or SASH programs and that referral for enrollment is not sufficient to meet the statutory directive.[36] CALSEIA and the MASH Coalition reply that the statute does not require enrollment of tenants, and that it is infeasible to require every

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[31] Everyday Energy July 22, 2014 comments at 15; The MASH Coalition July 22, 2014 comments at 13; PG&E July 22, 2014 comments at 8.

[32] PG&E July 22, 2014 comments at 9.

[33] MASH Coalition August 1, 2014 reply comments at 8; Everyday Energy August 1, 2014 reply comments at 9.

[34] CALSEIA August 1, 2014 reply comments at 4.

[35] The MASH Coalition July 22, 2014 comments at 14.

[36] The Greenlining Institute July 22, 2014 comments at 8.

tenant in a property to enroll in a program of any sort, and therefore comprehensive enrollment should not be a prerequisite.[37]

Party comments frame the issue of who is statutorily required to enroll in the ESA Program. Because Section 2852(d)(2) states that "participants who receive monetary incentives" are required to enroll in the ESA Program, we find that this requirement applies to the homeowner participating in the SASH program and the property owner in the MASH program, as this is the entity that receives the incentive.

We also note that D.07-11-045 required enrollment in the ESA Program, if eligible, as a prerequisite to SASH participation, so it is unnecessary for the Commission to order this requirement again in today's decision.[38]

For the MASH program, although the statutory requirement to enroll in the ESA Program, if eligible, applies only to the property owner, we find that the MASH program can help maximize benefit to all ratepayers by creating a pathway to tenant enrollment in the ESA Program to help reduce energy costs for tenants, and reduce the size of the solar system needed to offset the property's total load, thereby maximizing the overall benefit of the program to ratepayers.

Notably, in August 2014, the Commission adopted D.14-08-030, which requires the utilities to modify the ESA Program in several ways that should facilitate the enrollment of MASH tenants in the ESA Program going forward. The changes the Commission required utilities make to the ESA Program for the

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[37] CALSEIA August 1, 2014 reply comments at 3; The MASH Coalition August 1, 2014 reply comments at 9.

[38] *See* D.07-11-045, Appendix A at 4.

2015-2017 ESA and CARE program cycle that impact MASH tenant ESA enrollment include:[39]

- Utilities appoint a single point of contact for the ESA Program;
- Utilities coordinate among ESA, Middle Income Direct Install (MIDI), Multi-Family Energy Efficiency Rebate (MFEER), and Energy Upgrade California to ensure more potential eligible customers are enrolled;
- Utilities work directly with the property owners of multifamily properties where this approach reduces barriers to participation;
- Utilities propose an "expedited enrollment" process for United States Department of Housing and Urban Development assisted multifamily housing in which at least 80% of the tenants have incomes at or below 200% of the federal poverty level; and
- Utilities may propose common area measures for the ESA Program.

It is expected that these adjustments will facilitate enrollment in the energy efficiency programs for affordable multifamily properties and their tenants and should address many of the barriers commenters cited to MASH applicant responsibility for tenant enrollment into the ESA Program. Specifically, many potential MASH properties are affordable housing providers who receive tax credit and housing subsidies from a state or federal agency. To participate in these state or federally subsidized housing programs, affordable properties must certify the incomes and rents of tenants at a property and report that information to the appropriate state and/or federal agency.

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[39] *See* D.14-08-030 at 62-64 and Attachment Q.

Therefore, by utilizing the new "expedited enrollment" process, the utilities will have access to a Department of Housing and Urban Development generated list of assisted multifamily housing properties in which at least 80% of the tenants have incomes at or below 200% of the federal poverty level. For these properties, MASH applicant properties should, for all intents and purposes, be automatically eligible for the ESA Program without the need to re-collect tenant income information and submit this information to the utilities for ESA Program qualification.

We therefore require that MASH applicants contact the ESA Program to determine eligibility of their tenants and property (if common area measures are offered) for the program in order to be eligible for MASH incentives. If tenants of the property are deemed eligible they must enroll in the ESA Program as part of the MASH eligibility requirement. For those properties and tenants that do not meet the ESA Program occupancy threshold of at least 80% of tenants with incomes at or below 200% of the federal poverty level, those properties and tenants must enroll in the MIDI program, as appropriate.[40] In addition, we adopt the Staff Proposal's recommendation to require the MASH and SASH Program Administrators to provide a confidential Data Annex to their semi-annual program reports that includes:

- For SASH: The number of SASH participants enrolled in the ESA Program.
- For MASH: The number of MASH tenants referred, and the number of MASH tenants enrolled, in the ESA Program.

[40] The MIDI program provides no-cost energy efficiency measures to tenants whose income just exceeds the upper threshold for qualification in the ESA program.

This reporting requirement will allow Energy Division staff to evaluate and report on MASH and SASH program contributions to energy efficiency improvements in California.

6. Job Training Requirements

Section 2852(d)(3) requires the Commission ensure that the MASH and SASH programs provide job training and employment opportunities in the solar and energy efficiency sectors of the economy. To implement this requirement, the Staff Proposal recommends that GRID Alternatives continue to provide job training opportunities, as currently offered under SASH through its Sub-contractor Partnership Program (SPP),[41] and, in addition, that the MASH program adopt a similar model to the SASH SPP for projects installed on multifamily affordable housing.[42]

The Staff Proposal identifies that under the SASH SPP, solar sub-contractors who perform SASH installations for GRID Alternatives must hire at least one student or graduate of a job training organization for at least one full paid day of work on each SASH installation performed.

The Staff Proposal recommends that at a minimum, all MASH installations be required to meet this standard, and that in order for contractors to receive the higher Track 1B MASH incentive level (*see* Section 8.2 MASH Incentive Structure), contractors provide job training opportunities to more than one trainee per MASH installation.

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[41] Staff Proposal July 2, 2014 at 30.

[42] Staff Proposal July 2, 2014 at 20-21.

The Staff Proposal states that the job training requirement should not pose a significant challenge for MASH contractors, given the robust participation by solar contractors in the SASH SPP.[43] The Staff Proposal also recommends the Commission require the MASH and SASH Program Administrators to provide a confidential Data Annex to their semi-annual reports that includes the number of job trainees, and hours worked, for MASH and SASH installations.[44]

GRID Alternatives agrees with the Staff Proposal recommendation for SASH and MASH and asserts that, in addition to the SASH SPP, the volunteer training program GRID Alternatives currently has in place for SASH installations should also be deemed to meet the job training requirements established by Section 2852(d)(3).[45] GRID Alternatives also confirms that, based on its experience overseeing the SPP, this training model could be easily applied to multifamily housing solar installations and that the SPP job training requirement in SASH has not been a deterrent for solar contractors to participate in SASH.[46] CSE supports the Staff Proposal but offers that the requirement of one job trainee for MASH projects is too low given the scale of MASH projects. Instead, CSE recommends that the minimum eligibility requirement be increased from one trainee per project to one trainee per kW of installed capacity, up to five trainees per project.[47] Everyday Energy and the MASH Coalition argue that CSE's

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[43] Staff Proposal July 2, 2014 at 21.

[44] Staff Proposal July 2, 2014 at 30.

[45] GRID Alternatives July 22, 2014 comments at 3.

[46] GRID Alternatives July 22, 2014 comments at 3.

[47] CSE July 22, 2014 comments at 11.

proposal would be infeasible given the reduced incentive levels.[48] CSE also recommends that, to ensure compliance, the trainee and contractor be required to submit an affidavit as part of the incentive application process indicating that the job opportunity was provided.[49]

CALSEIA, Everyday Energy and the MASH Coalition state that job training programs are administratively burdensome for small solar developers. CALSEIA recommends that alternatives to the Staff Proposal be allowed for meeting the job training requirement. [50] It also requests that if the Staff Proposal is adopted, it only apply if a suitable job training program exists within 50 miles of the project site and the job training organization provides the liability insurance for the job trainee.[51] Everyday Energy and the MASH Coalition offer that a developer should only have to prove they hired a low-income job trainee and that the job training requirement not be limited to field personnel.[52] PG&E proposes that a MASH job training workshop be held to understand the details of the job training requirements and the resulting impacts on solar contractors.[53]

The Greenlining Institute states that the statute requires that MASH and SASH provide job training opportunities in both the solar and energy efficiency sectors of the economy and that the job training requirement should also apply

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[48] Everyday Energy August 1, 2014 reply comments at 9; The MASH Coalition August 1, 2014 reply comments at 9.

[49] CSE July 22, 2014 comments at 11.

[50] CALSEIA July 22, 2014 comments at 3.

[51] CALSEIA August 1, 2014 reply comments at 2.

[52] Everyday Energy July 22, 2014 comments at 15; The MASH Coalition August 1, 2014 reply comments at 9.

[53] PG&E July 22, 2014 comments at 10.

for the energy efficiency work that would be done on the property before the solar is installed.[54]

Today we adopt a job training requirement for the solar energy sector of the economy only. While we do not adopt explicit energy efficiency job training requirements under the new MASH and SASH program authorization, we highlight that the energy efficiency program enrollment requirements we adopt provide an onramp to energy efficiency program enrollment, and the Commission is currently in the process of collecting data to develop policies on workforce education and training for the energy efficiency programs it oversees.[55] Until the time the Commission completes this investigation, it would be premature for this decision to institute job training requirements for the energy efficiency sector.

With regard to the SASH solar job training requirement, the existing SASH SPP is a proven model for providing job training and would be sufficient for meeting the new statutory job training requirement. We also find that GRID Alternatives' volunteer training program is sufficient for meeting the job training requirement.

Therefore, we require GRID Alternatives to ensure that every SASH project provides a job training opportunity through either its volunteer program or its SPP wherein the solar sub-contractor who performs the SASH installation for GRID Alternatives must hire at least one student or graduate of a job training organization for at least one full paid day of work.

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[54] Greenlining Institute July 22, 2014 comments at 7.

[55] *See* D.14-08-030, Attachment Q, Section II.C.3(n) at 18.

With regard to the MASH solar job training requirement, we find that a workshop, as suggested by PG&E, is not needed since Energy Division already held a workshop in December 2013 on AB 217 implementation, which included the impacts of the job training requirement on solar contractors, but we acknowledge requests to keep the job training requirement simple to avoid unnecessary costs to the participants.

With that in mind, we find that the SASH program SPP model can be adapted for implementation by MASH solar contractors and that the introduction of this requirement meets the Section 2852(d)(3) job training requirement. We are not persuaded that meeting this requirement would make MASH project economics infeasible.

Therefore, we require that, at a minimum, each MASH project provide at least one student or graduate of a job training organization with at least one full paid day of work on the MASH solar installation for which the MASH incentive will be paid, as is currently required in the SASH SPP. If the job training organization does not provide liability coverage for its trainees, the contractor must provide this coverage.

We also find that the job training requirement should be enhanced for MASH projects, due to the significantly larger scale of MASH installations relative to SASH installations. The specifics of this requirement are discussed in further detail in the MASH Incentive Structure section (*see* Section 8.2 MASH Incentive Structure) of this decision.

In addition, we find CALSEIA's request that the SPP model requirement only apply to a project when a suitable job training program exists within 50 miles of the project site is reasonable. In these instances, the applicant must submit proof to the appropriate MASH Program Administrator that no suitable job training programs are located within 50 miles of the project site as part of the incentive application process and the project developer must conduct community outreach related to solar job training. The MASH Program Administrators shall develop standards for demonstrating unsuitable job training program proximity and guidance on community outreach to be completed in place of providing the job training opportunity.

We also require that job trainees in both programs sign an affidavit as part of the incentive application process indicating that the job opportunity was provided. We direct the Program Administrators to draft the affidavit for contractors to use as part of the application process. In addition, we require the Program Administrators to provide a confidential Data Annex to their semi-annual reports that includes the number of job trainees, and hours worked, for MASH and SASH installations.

7. Program Funding and Capacity Targets

In today's decision we set a funding allocation of $54 million for each program and set capacity targets of 35 MW for MASH and 15 MW for SASH.

AB 217 set an installed capacity goal of 50 MW and authorized $108 million in additional funding for the new authorization of the MASH and SASH programs. The Staff Proposal recommends that in order to replicate the success of the previous programs, the $108 million in program funding should be split evenly between MASH and SASH, as was the approach with the existing programs,[56] and the 50 MW installed capacity target be determined in proportion with their historical cumulative installations. In line with MASH and SASH

[56] Staff Proposal July 2, 2014 at 14.

installation track records, the Staff Proposal recommends the Commission adopt a 37.5 MW (75% of 50 MW) capacity goal for MASH and a 12.5 MW (25% of 50 MW) capacity goal for SASH.[57]

CSE, PG&E, SCE, Shorebreak Energy, GRID Alternatives, and ORA generally support the proposed funding allocation and capacity targets.

However, the parties note that under the Staff Proposal's recommended MASH incentive structure (*see* Section 8.2 MASH Incentive Structure), insufficient funding may prevent reaching the proposed installed capacity goals.[58] Parties explain that if greater than 85% of MASH projects subscribe to higher incentive level Track 1B with 8% of program funding allocated to administration, a budget deficit would result of up to $2,820,000 for MASH to reach the 37.5 MW goal. Based on this, PG&E and SCE recommend allocating more funding to MASH ($58 million) and reducing the funding to SASH ($50 million).[59] CSE and ORA note that the existing programs have excess and unspent administrative funding. To remedy the potential shortfall in incentive funding, CSE recommends allocating all of the $54 million towards MASH incentives alone, and allowing the MASH Program Administrators to rollover their remaining $5,869,062 in administrative budgets from the existing program to be used for administration of the new program.[60] CSE notes that the Staff-proposed 8% administrative budget for MASH would be $4,320,000,

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[57] Staff Proposal July 2, 2014 at 13-14.

[58] CSE July 22, 2014 comments at 2; PG&E July 22, 2014 comments at 6; SCE July 22, 2014 comments at 3; Shorebreak Energy August 1, 2014 reply comments at 3.

[59] PG&E July 22, 2014 comments at 6; SCE July 22, 2014 comments at 3.

[60] CSE July 22, 2014 comments at 5; ORA August 1, 2014 reply comments at 4-5.

therefore the excess administrative budgets would more than cover the proposed administrative budget allocation. GRID Alternatives suggests that the Commission establish a cap on the number of MASH applications that may subscribe to Track 1B in order to ensure the Staff-proposed incentive budget is not subscribed before capacity targets are achieved.[61] GRID Alternatives further suggests that if the 37.5 MW goal for MASH is a concern with the proposed funding allocation, the SASH installed capacity goal could be expanded to 15 MW with Staff's proposed funding allocations, thereby reducing the MASH program goal to an attainable 35 MW.[62]

Everyday Energy and the MASH Coalition do not support the Staff Proposal's proposed funding allocation and capacity targets. They suggest that funding allocations be based on most efficient use of incentive funding for installed capacity and therefore be weighted significantly toward the MASH program, with an adjustment to capacity targets to reflect the revised funding allocation. Everyday Energy recommends the SASH program receive $31.25 million in program funding and the MASH program receive $70.5 million in program funding.[63] Under this funding allocation approach, the programs would maintain the Staff-proposed capacity allocations of 13.5 MW for SASH and 37.5 MW for MASH, while the SASH incentive levels would be reduced and the MASH incentive levels would be increased. The MASH Coalition suggests a three to one funding ratio between the programs, with MASH allocated $75 million and SASH allocated $25 million, to reflect the three

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[61] GRID Alternatives August 1, 2014 reply comments at 6.

[62] GRID Alternatives August 1, 2014 reply comments at 8.

[63] Everyday Energy July 22, 2014 comments at 16.

to one volume of installations achieved in the MASH and SASH programs to date.[64] This allocation would result in a 45 MW target for MASH and a 5 MW target for SASH.

We find the concerns valid that insufficient funding may exist to reach 37.5 MW in the MASH program if Incentive Track 1B receives high levels of subscription. To address this misalignment, we adopt GRID Alternatives' suggested capacity targets for both SASH and MASH. The adopted capacity target for MASH will be 35 MW, which provides a sufficient incentive budget for the program even under a 100% subscription scenario to the MASH Track 1B incentive level. The adopted capacity target for SASH will be 15 MW. Based on these adjusted capacity targets, we find it reasonable to adopt the recommendation in the Staff Proposal for funding allocation to replicate the funding allocation from D.07-11-045 in 2007 and D.08-10-036 in 2008, and split the $108 million in funding evenly between the SASH and MASH programs.

In addition, we find that the funding for both programs shall continue to be collected through the distribution rates of PG&E, SCE and SDG&E in the same manner and following the same percentage allocations of total funding as is in place under the existing programs as this is consistent with the formula used for allocating funding across all CSI programs. The percent funding allocations are presented in Table 1 below.

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[64] MASH Coalition July 22, 2014 comments at 10.

Table 1: MASH/SASH Individual Utility Funding Allocations

Utility	Percent of Funding	Budget
PG&E	43.7%	$23,598,000
SCE	46%	$24,840,000
SDG&E	10.3%	$5,562,000
Total	100%	$54,000,000

We authorize the utilities to initiate collections of the funding pursuant to Section 2851(f) upon the expenditure or reservation of the total amount authorized for funding the existing MASH and SASH programs. Pursuant to Section 2851(f), we also authorize the utilities to use amounts collected for purposes of funding the CSI General Market program that remain unspent and unencumbered after December 31, 2016, to reduce their respective portion of the total amount collected for the purposes of funding the new program authorization.

We direct the utilities to ensure that the total amount collected does not exceed $108 million. In addition, we direct the Program Administrators to ensure that program expenditures in each utility's service territory do not exceed the total authorized budget amounts over the duration of the programs. The program budgets will be available until all funds are exhausted or until December 31, 2021, whichever occurs first. Any funding unspent and unencumbered on January 1, 2022, shall be used for "cost-effective energy efficiency measures in low-income residential housing that benefit ratepayers," as set forth in Section 2852(c)(3).

We will monitor participation in MASH and SASH, and if participation rates warrant an adjustment to the budget allocations between the two programs, we may adjust the budget allocations accordingly. In D.07-11-045 we established a process to facilitate this type of program adjustment, and will continue to use the same process going forward. Specifically, we said that at any time, Energy Division may recommend program adjustments to the assigned Commissioner or ALJ of this or any successor proceeding. They will determine if the suggested change requires modification of a Commission order, and if so, the change will be considered by the full Commission, following notice to parties and an opportunity to comment.

8. MASH Budget Allocation and Incentive Structure

8.1. MASH Administrative and Incentive Budgets

D.08-10-036 determined that 88% of each Program Administrator's overall MASH program funding should be put towards solar incentives, with the remaining 12% allocated for program administration, marketing and outreach, and program evaluation activities.[65]

The Staff Proposal notes that over the five years that the Program Administrators have managed the MASH program: (1) CSE has expended approximately 72% of its allocated administrative budget; (2) PG&E has expended approximately 38%; and (3) SCE has expended approximately 28%.[66] Thus, based on the expenditure levels for the program to date, the actual cost of administering the program has been significantly lower than the allocated 12% of total budget. In light of this, the Staff Proposal recommends that going forward

65 D.08-10-036 at 21-23.

66 Staff Proposal July 2, 2014 at 16-17.

only 8% of the total budget be allocated for administration, marketing, and program evaluation.[67]

The Staff Proposal explains that 8% of the $54 million budget would be $4.32 million, which exceeds the approximately $3.4 million that the program has expended on administration in the first five full years of the program. In order to ensure that all administrative objectives are met, Staff proposes that within the 8% reserved for administration a 1% reserve for program evaluation activities and another 1% reserve for energy efficiency audits should be maintained, and that in order to provide maximum administrative efficiency, no further breakdown in funding allocation should be established within the administrative budget.[68]

Everyday Energy, the MASH Coalition, PG&E, and SCE support Staff's proposal to shift more funding toward incentives under the new MASH program authorization. No parties oppose Staff's proposal or recommend an alternative. PG&E requests the ability to seek approval to move funding from the administrative budget to the incentive budget and between administrative subcategories through a Tier 2 advice letter. PG&E states that this process will allow Program Administrators the flexibility to adjust funding in the future because it is unclear exactly how program administration needs will change under the new authorization.[69]

We find that, based on historical information, a reduction in current MASH program funding for administration, marketing and program evaluation

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[67] Staff Proposal July 2, 2014 at 17.

[68] Staff Proposal July 2, 2014 at 17-18.

[69] PG&E July 22, 2014 comments at 7.

is reasonable. However, because we do not include provision of energy efficiency audits in this funding allocation, as discussed in Section 8.2 MASH Incentive Structure, the total administrative budget shall be 7% for administration, marketing and evaluation, with an explicit 1% reserve allocated for evaluation.

We also acknowledge that the current MASH program has a budget surplus. We direct the Program Administrators to rollover the budget surplus from the current program to the new program's administrative budget, as this funding may be used to further the goals of the program established by AB 217. In addition, the Program Administrators may request Commission approval to transfer funding from their administrative budgets to their incentive budgets via a Tier 2 advice letter should they see fit. Any request to transfer funding from the administrative budget to the incentive budget shall leave the 1% evaluation allocation untouched. We therefore adopt the MASH budget allocation as presented in Table 2 below.

Table 2: MASH Budget Allocation

MASH Budget Category	MASH Budget Allocation
Incentives	$50,220,000 (93%)
Administration, Marketing, Evaluation	$3,240,000 (6%) $540,000 (1% evaluation reserve)
Total	**$54,000,000**

We continue to require Program Administrators to submit to the Director of Energy Division semi-annual administrative expense reports detailing administrative expenditures incurred by category (*i.e.*, marketing and outreach, evaluation, and other administration).

8.2. MASH Incentive Structure

As discussed above, the adopted capacity target for MASH is 35 MW of installed solar PV capacity with $50,220,000 in incentive funding. Given that today's funding authorization is approximately half of the funding for incentives under the existing MASH program,[70] this ratio of capacity goal to available funding will necessarily mean that incentive levels under the new program must be reduced from current incentive levels.

The Staff Proposal suggests that to meet the capacity, energy efficiency, and job training goals under AB 217, that corresponding reforms are needed to both the incentive structure and program design.[71] To that end, Staff proposes restructuring the MASH incentive levels.

The current MASH program offers $1.90/watt for capacity that serves common area load and $2.80/watt for capacity that serves tenant load. The Staff Proposal recommends retaining a two-track incentive structure. However, Staff recommends that the distinction between common and tenant area loads be eliminated, and instead, the incentive tiers should be structured to incentivize solar contractors and affordable housing developers to meet or exceed basic compliance with the policy goals introduced by AB 217.[72] Staff recommends that projects that meet basic MASH requirements be eligible for a $0.90/watt

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[70] D.08-10-036 established a $95,339,200 incentive budget, with which the MASH program incentivized the installation of approximately 35 MW of capacity.

[71] Staff Proposal July 2, 2014 at 23.

[72] Staff Proposal July 2, 2014 at 23.

incentive, and projects that exceed the basic MASH requirements, by meeting specific targets, be eligible for a $1.40/watt incentive.[73]

The Staff Proposal's recommendations for the MASH incentive levels and their corresponding requirements are presented in Table 3 below.

Table 3 Staff Proposal MASH Incentive Tracks

Track	Incentive Amount	Eligibility Requirements
1A	$0.90/watt	• Refer customers to ESA Program • Provide job training opportunity to one trainee • At least 20% of onsite units are affordable
1B	$1.40/watt	• Refer customers to ESA Program • Provide job training opportunity to more than one trainee • At least 50% of onsite units are affordable • Conduct onsite walkthrough energy audit (paid for by MASH program)

Under the Staff Proposal, MASH applicants would be encouraged with higher incentives under Track 1B to pursue cost-effective energy efficiency measures before installing ratepayer-incentivized solar panels. Staff therefore suggests that MASH applicants be required to schedule an onsite energy efficiency walkthrough audit that meets American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Level I or above, which would be paid for through MASH administrative program funds, and any data gathered from these audits be shared with Energy Division staff in order to inform oversight and evaluation of both MASH and low-income energy

73 Staff Proposal July 2, 2014 at 23-24.

efficiency programs.[74] Staff also recommends that applicants who undertake program-funded audits be encouraged to install energy efficiency measures with a payback of less than 10 years.[75] The Staff Proposal does not recommend, and parties do not suggest, that energy efficiency improvements be implemented at the property before incentives are paid.

CSE, PG&E, SCE, ORA and GRID Alternatives generally support the proposed two-track incentive levels. PG&E recommends that the tracks be retitled Track 1C and 1D, to avoid confusion with the current incentive level titles (Track 1A and 1B).[76]

We adopt PG&E's recommendation. From this point forward, we refer to the incentive tracks for the new MASH authorization as Track 1C and Track 1D.

While PG&E agrees that an energy efficiency walkthrough audit should be conducted on MASH sites for Track 1D eligibility, it suggests that it is more appropriate for the cost of the walkthroughs to be covered by existing utility energy efficiency program funds rather than MASH program funds.[77] PG&E also points out that the ESA Program does not conduct walkthroughs of common areas, and so this service should be provided for common areas by the MIDI program where applicable, and other incentive programs as appropriate, depending upon the offerings in a service territory.[78] In addition, PG&E recommends that MASH applicants be required to fill out the Energy Upgrade

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[74] Staff Proposal July 2, 2014 at 24.

[75] Staff Proposal July 2, 2014 at 24-25.

[76] PG&E July 22, 2014 comments at 8.

[77] PG&E July 22, 2014 comments at 8.

[78] PG&E July 22, 2014 comments at 9.

Multifamily Program questionnaire, and that these applicants should be passed on to the MIDI program by the applicable MASH Program Administrator.[79] PG&E also offers to lead a workshop on available energy efficiency programs for MASH contractors and building owners.[80]

Although CSE and GRID Alternatives generally agree with the Staff Proposal, they state that more robust variance in eligibility requirements should exist between the two tracks, and specifically suggest that the job training requirement in Track 1D is too low. CSE suggests that the Track 1D job training requirement be increased to one job trainee for each installed kW up to five kW.[81] GRID Alternatives recommends the job training requirement for Track 1D be increased, or that a $10,000 cap should be placed on the receipt of 1D funds, noting that since the award of incentives is based on the size of the system, the 1D level as currently proposed provides an outsized subsidy for larger systems that would only be required to employ one additional job trainee for a significantly higher incentive.[82]

Everyday Energy and the MASH Coalition state that incentive levels need to remain close to $2.00/watt to make solar installations feasible on multifamily affordable housing. Everyday Energy specifically recommends maintaining the old incentive structure with separate tracks for common area and tenant load, and setting Track 1C incentives (for common area load) at $1.60/watt and Track

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79 PG&E July 22, 2014 comments at 9.

80 PG&E July 22, 2014 comments at 9.

81 CSE July 22, 2014 comments at 11

82 GRID Alternatives August 1, 2014 reply comments at 7.

1D (for tenant load) incentives at $2.00/watt.[83] The MASH Coalition relies on a recent decision by the California Tax Credit Allocation Committee (TCAC) to suggest that tenant loads no longer merit the current premium over common-area incentives. This TCAC decision would allow owners of existing affordable housing that are funded with Low Income Housing Tax Credits, who participate in MASH and install systems that offset tenant loads, to adjust tenant utility allowances using the California Utility Allowance Calculator (CUAC). This is significant because the CUAC model reduces a tenant's modeled energy use by the amount of solar PV generation allocated them by the project. Thus, these project sponsors would be able to access the economic benefits of the generation assigned to the tenant space through utility allowance adjustments, rather than those economic benefits accruing to the tenant, as was the case prior to the TCAC change.[84]

No parties express a position on the Staff Proposal's recommendation that 50% of the units must be allocated for affordable housing in order to qualify for the Track 1D incentive. We agree with the Staff Proposal's recommendation and require that at least 50% of the units must be allocated to affordable housing to receive the Track 1D incentive.

We agree with Staff that encouraging energy efficiency through the MASH incentive structure has benefits to the multifamily low-income community. Energy efficiency improvements may help property owners realize additional cost savings, which can be passed on to tenants, and can help maximize the

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83 Everyday Energy July 22, 2014 comments at 16.

84 *See* memo issued by TCAC on August 27, 2014, http://www.treasurer.ca.gov/ctcac/2014/cuac/memo.pdf

benefit of the MASH program to all ratepayers by reducing the amount of energy that must be purchased to serve tenant load, and reducing the amount of solar PV capacity needed to offset load for a specific MASH property. At a minimum, it is reasonable to continue to require MASH applicants to obtain an energy efficiency audit or demonstrate compliance with Title 24 of the California Code of Regulations, as is required by D.08-10-036, in order to be eligible for the Track 1C incentive. We agree with most parties that applicants should meet more stringent energy efficiency requirements to receive the higher Track 1 D incentives.

We also agree with PG&E that energy efficiency walkthrough audits should be paid for through existing energy efficiency programs rather than by the MASH program. We therefore require applicants for the Track 1D incentive have an energy efficiency walkthrough audit conducted that meets ASHRAE Level I requirements or higher, or enroll in either a utility, a regional energy network (REN), a community choice aggregator (CCA), or a federally funded whole-building multifamily energy efficiency program.

We also direct PG&E to lead a workshop on available energy efficiency programs for MASH contractors and property owners, and direct that a date for this workshop be proposed in the implementing advice letter the Program Administrators are directed to submit.

We adopt the requirement as recommended in the Staff Proposal that in order to receive the Track 1D incentive level the project must provide a job training opportunity to more than one job trainee, with a modification as described below.

CSE and GRID Alternatives suggest that the job training requirement be enhanced for Track 1D eligibility. Although we agree with CSE's general position, we believe its recommendation for one trainee per kW up to 5 kW is overly restrictive, and therefore augment the requirement to one job trainee for every 10 kW of installed capacity up to 50 kW. Therefore, in order to be eligible for the Track 1D incentive, projects sized under 20 kW would have to provide at least two job training opportunities. Projects sized from 20 kW to under 30 kW would have to provide at least three job training opportunities; projects sized from 30 kW to under 40 kW would have to provide at least four job training opportunities; and projects sized from 40 kW and larger would have to provide at least five job training opportunities.[85] We expect that the average installed MASH system would provide at least five job training opportunities if it were to elect to subscribe to the Track 1D incentive, given that the average system size for completed projects under the existing MASH program is approximately 70 kW.[86]

We are also persuaded by GRID Alternatives that there should be a cap on Track 1D incentives. GRID Alternatives argues that the Track 1D requirements for job training, affordability allocations, and energy efficiency do not scale up in cost as the size of the solar system increases. Therefore, so as to not disproportionately award incentives for larger systems, we cap the $1.40/watt incentive for Track 1D to the first 100 kW of a system. Any additional capacity incented under the program for each project sized above 100 kW will receive the lower, $0.90/watt Track 1C incentive level.

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[85] With the current incentive premium for the subscription to the Track 1D incentive level of $0.50/watt above the Track 1C level, this would amount to essentially a premium of $5,000 for each additional 10 kW of installed system.

[86] Staff analysis based on MASH project data provided in the Working Data Set found on the California Solar Statistics website as of October 1, 2014.

At the funding levels adopted today, there would be sufficient funds for MASH to meet its installed capacity goals even if 100% of projects subscribe to Track 1D, and to exceed its installed capacity goals if there is greater subscription to Track 1C. We also note that since only the first 100 kW of a project are eligible to receive the Track 1D incentive, it is very likely MASH will exceed its 35 MW installed capacity goals at the adopted incentive levels. The adopted incentive structure also furthers the job training and energy efficiency goals established in AB 217, by providing additional incentive to realize greater energy efficiency gains and provide additional job training opportunities.

We note that Navigant Consulting is currently conducting the biennial assessment of MASH and SASH on behalf of the Commission.[87] Findings from this assessment may provide additional insight into the current status of the multifamily affordable housing solar market. We therefore may revisit the adopted incentive levels, and adjust incentive levels as needed based on future information on solar costs or other relevant market factors. Any adjustments to incentives will be handled by Commission order on its own motion or in response to a petition for modification. We therefore adopt the MASH Track 1C and 1D incentive levels and eligibility requirements as presented in Table 4 below.

Table 4 Adopted MASH Incentive Tracks

Track	Incentive Amount	Eligibility Requirements
1C	$0.90/watt	• Tenants enroll in ESA Program, if eligible • Provide job training opportunity to one trainee

[87] The Commission required biennial program assessments of MASH and SASH in D.07-11045 at 36 and D.08-10-036 at 41.

		• At least 20% of onsite units are affordable • Complete Energy Audit or meet Title 24
1D	$1.40/watt (first 100 kW)	• Tenants enroll in ESA Program, if eligible • Provide job training opportunity to more than one trainee, with one additional trainee for each 10 kW up to 50 kW • At least 50% of onsite units are affordable • Conduct onsite walkthrough energy audit at ASHRAE Level I or higher, or enrolls in a utility, REN, CCA or federally provided whole-building multifamily energy efficiency program

Additionally, both tracks shall continue to provide fixed, up front rebates for qualifying solar energy systems, using the Expected Performance Based Buydown (EPBB) methodology that is currently used in the program.

9. SASH Budget Allocation and Incentive Design

9.1. SASH Administrative Budget

In D.07-11-045, the Commission directed that 85% of the total funding be used for incentives, 10% of funding be allocated toward administration, 4% toward marketing and outreach, and 1% toward program evaluation.[88] The Staff Proposal recommends maintaining these budget allocations going forward because the administration of SASH is labor-intensive and, requires many hours on outreach, recruitment, application processing, volunteer training, and installation.[89]

No parties disagree with Staff's proposal.

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[88] D.07-11-045 at 20.

[89] Staff Proposal July 2, 2014 at 26.

We find that going forward SASH will require the same level of administrative commitment as under the current program, therefore the current budget allocation for SASH should be maintained. The adopted budget allocation is as presented in Table 5 below.

Table 5 SASH Budget Allocation

Category	Budget Allocation
Incentives	$45,900,000 (85%)
Administration	$5,400,000 (10%)
Marketing and Outreach	$2,160,000 (4%)
Evaluation	$540,000 (1%)
Total	**$54,000,000**

Therefore, the SASH program budget allocations shall remain at 85% for incentives, 10% for administration, 4% for marketing and outreach, and 1% for evaluation. Similar to our finding regarding the MASH Program, GRID Alternatives may submit a Tier 2 advice letter requesting Commission approval to transfer funding from the administrative budgets to the incentive budget or between budgets. Any request to transfer funding shall leave the 1% evaluation allocation untouched.

9.2. SASH Incentive Structure

The Staff Proposal suggests that, to meet capacity goals set forth in AB 217 with the authorized funding allocation, the SASH incentive levels will have to be reduced from current levels.[90] Under the current program, SASH incentives are

[90] Staff Proposal July 2, 2014 at 28.

non-declining and determined based on a homeowner's federal income tax liability as well as their eligibility for CARE rates.

To streamline the application and financing process, the Staff Proposal recommends that a single non-declining incentive level be adopted for all SASH projects.[91] In order to meet the adopted 15 MW goal for the program, with the available incentive budget, the Staff Proposal recommends a single incentive level, set at $3 per watt (CEC-AC) of solar capacity. Staff's rationale is that SASH projects could be installed with lower incentives due to lower panel prices and benefits of a third-party ownership (TPO) financing structure for SASH projects, as discussed in the following section of this decision.[92]

Everyday Energy and the MASH Coalition oppose the proposed $3/watt incentive level. They propose an alternate, two-tiered, structure wherein one tier is for tenant-owned systems at $3/watt and another tier is for third-party owned systems at $2/watt.[93] GRID Alternatives opposes this approach because it predetermines the amount of funding available to customer-owned and TPO solar installations, which is difficult to predict given the program has no history with TPO funding of systems.[94]

We adopt Staff's recommendation to establish a single $3/watt incentive level for all SASH projects. For SASH, which has higher administrative costs than MASH due to the uniqueness of the sector it serves, it is a priority to adopt

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91 Staff Proposal July 2, 2014 at 29.

92 Staff Proposal July 2, 2014 at 29.

93 Everyday Energy July 22, 2014 comments at 16; MASH Coalition August 1, 2014 reply comments at 6.

94 GRID Alternatives August 1, 2014 reply comments at 6.

an approach that promotes simplicity and efficiency in program applications and administration. We decline to adopt Everyday Energy and the MASH Coalition's proposal because the proposal fails to explain why the multiple tiers should be established or provide any evidence that the proposed incentive levels would be sufficient to incentivize installations for each tier class.

10. Third-Party Ownership in SASH

To date, SASH has provided incentives for solar PV systems installed on low-income, single-family homes at levels that effectively resulted in cost-free solar installations that create immediate bill savings for homeowners. Under the reduced funding levels authorized in Section 2851(f), SASH will be required to install similar capacity totals with half the funding per installed watt of the existing program. Given these new constraints, the Staff Proposal recommends that GRID Alternatives be authorized to pursue TPO financing structures to allow the program to maximize available incentive funding by allowing projects to benefit from the tax credits and depreciation that accrue to private owners of solar PV systems.[95]

D.07-11-045 did not permit TPO in SASH due to inexperience with TPO for low-income single family solar incentive programs, and concerns about consumer protection and long-term benefits to homeowners.[96] At the time the program was authorized, in 2007, TPO structures were relatively new in California. In D.07-11-045, the Commission did leave the door open for TPO in the future, stating "We will consider modifying this order to allow third-party

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[95] Staff Proposal July 2, 2014 at 31.

[96] D.07-11-45 at 40.

ownership arrangements for low-income customers if we are presented with a proposal that adequately protects and benefits low-income homeowners in third-party ownership agreements."[97]

The Staff Proposal notes that since 2007, TPO of systems has become far more prevalent in California, accounting for the majority of customer-side installed capacity,[98] and that a recent study by Navigant Consulting conducted on behalf of the Commission found that TPO arrangements have not created any widespread consumer protection issues.[99]

Based on the reduced incentives available for the new authorization of SASH and on the maturation of the TPO structure since the initial SASH program authorization in 2007, the Staff Proposal recommends allowing TPO of systems in SASH upon exhaustion or the encumbrance of all funding authorized under the existing SASH program.[100] Staff recommends that approval of TPO for SASH installations be contingent upon the Commission's approval of a proposal submitted by GRID Alternatives with the Commission via Tier 3 advice letter.[101]

Everyday Energy, GRID Alternatives, PG&E, SCE, SEIA, the MASH Coalition and ORA agree with the Staff Proposal's recommendation. GRID Alternatives even states that TPO is needed in SASH for the program to reach its

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97 D.07-11-045 at 41.

98 Staff Proposal July 2, 2014 at 31.

99 *See*, California Solar Initiative Third-Party Ownership Market Impact Study, May 28, 2014, by Navigant Consulting, prepared for the California Public Utilities Commission, http://www.cpuc.ca.gov/NR/rdonlyres/55A4BF20-875A-4B40-AD7C-3C768104211E/0/CSIThirdPartyOwnershipImpactReportFINAL.pdf.

100 Staff Proposal July 2, 2014 at 33.

101 Staff Proposal July 2, 2014 at 34.

installed MW goal with the available funding.[102] GRID Alternatives recommends that any TPO model that is adopted must be designed with a "families first" perspective that maximizes direct benefits to the homeowner and ensures adequate consumer protection.[103] GRID Alternatives proposes the Commission adopt the following standards for any TPO model in SASH to ensure customers are adequately protected and benefits are passed on to homeowners:[104]

- Ensure SASH customers receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment;
- Reduce or eliminate barriers for customers with poor credit (low FICO scores) to qualify and participate;
- Address concerns that homeowners may have about moving or selling their home during the TPO contract term;
- Cover maintenance, operations, inverter replacement, and monitoring;
- Prohibit liens on homes;
- Minimize the risk to the low-income customer that the solar system would be removed for delinquent payments; and
- Ensure that all costs are apparent and up front and that there is no risk that the TPO deal would result in an additional financial burden to the family.

GRID Alternatives explains that it has already developed a TPO model and has deployed it through pilots in Colorado and New York. Based on its

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[102] GRID Alternatives July 22, 2014 comments at 8.

[103] GRID Alternatives July 22, 2014 comments at 8.

[104] GRID Alternatives July 22, 2014 comments at 9-10.

experience, GRID Alternatives claims that it is uniquely positioned to lead the development of a TPO model and identify financing partners or TPO providers that can accommodate the Commission-adopted minimum standards for a TPO agreement. GRID Alternatives recommends that it continue to be the sole entity that may conduct marketing and outreach for SASH to help ensure consumer protection.[105]

SCE and PG&E agree that the Commission should establish a set of standards that any TPO model would have to meet in order to ensure adequate customer protections. PG&E specifically recommends the Commission adopt the following minimum standards for any TPO model in SASH:[106]

- Ensure that participating TPO agreements are at least as financially beneficial to the customer as a host-owned system;
- Standardize financial terms for low-income customers where possible;
- Protect the customer against terms that could change after contract signing;
- Require that TPO agreements include an affidavit from the customer acknowledging the potential for additional costs associated with the contract;
- Require the TPO provider to clearly explain that rate changes will affect the economics of a power purchase agreement; and
- Require that TPO agreement provisions spell out what happens in the event that the solar financing company defaults.

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[105] GRID Alternatives July 22, 2014 comments at 9-10.

[106] PG&E July 22, 2014 comments at 12-13.

PG&E and ORA recommend that a workshop be held to receive input from stakeholders on TPO models before a specific one is adopted by the Commission.[107] PG&E also suggests that a standardized low interest rate bank loan for SASH participants could be a potential alternative to the TPO model.[108] GRID Alternatives, however, notes that over the past several years in administering SASH, it has left open the option for a loan product, but has found that low-income families have either been unable to qualify for low-interest loans or have been unable to assume more debt.[109]

As discussed above, the SASH program is now tasked with installing the same amount of capacity it installed under the existing program with half of the funding. As identified in the Staff Proposal's analysis,[110] meeting this ambitious goal with the available incentive funding would leave a sizeable gap in funding required to make the project-level economics of SASH systems work. While there are a number of possible options for closing this gap, like low-interest loans, we are persuaded by GRID Alternatives that an option like this would likely be less feasible than a TPO structure for successfully bridging the economic gap. We therefore require GRID Alternatives to submit a Tier 3 advice letter that proposes a TPO model. The Tier 3 advice letter shall demonstrate how the proposed TPO model meets the following minimum standards proposed by GRID Alternatives and PG&E:

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[107] PG&E July 22, 2014 comments at 12; ORA August 1, 2014 reply comments at 6.

[108] PG&E July 22, 2014 comments at 13.

[109] GRID Alternatives August 1, 2014 reply comments at 10.

[110] Staff Proposal, July 2, 2014, Figure 4 at 33.

- Ensure SASH customers receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment;
- Reduce or eliminate barriers for customers with poor credit (low FICO scores) to qualify and participate;
- Address concerns that homeowners may have about moving or selling their home during the TPO contract term;
- Cover maintenance, operations, inverter replacement, and monitoring;
- Prohibit liens on homes;
- Minimize the risk to the low-income customer that the solar system would be removed for delinquent payments;
- Ensure that all costs are apparent and up front and that there is no risk that the TPO deal would result in an additional financial burden to the family;
- Standardize financial terms for low-income customers where possible;
- Protect the customer against terms that could change after contract signing;
- Require that TPO agreements include an affidavit from the customer acknowledging the potential for additional costs associated with the contract;
- Require the TPO provider to clearly explain that rate changes will affect the economics of a power purchase agreement; and
- Require that TPO agreement provisions spell out what happens in the event that the solar financing company defaults.

GRID Alternatives shall also provide a confidential appendix to the advice letter, which includes market sensitive details for the TPO financing arrangement for SASH, in line with the confidentiality protocols established for the

Renewables Portfolio Standard in D.06-06-066 and D.08-04-023. Contingent upon Commission approval of the Tier 3 advice letter, GRID Alternatives may implement the TPO model to fund SASH solar installations.

Energy Division may hold a workshop if it determines one is necessary before the Commission is able to adopt a TPO model that meets the standards above.

11. Other Program Requirements

11.1. Low-Income Property Eligibility Standards

Section 2852 provides guidelines on low-income property eligibility standards for participation in SASH and MASH. The Staff Proposal requests comments on the additional factors, issues, or requirements, if any, that the Commission should consider with respect to low-income property eligibility standards for either program going forward.[111]

CALSEIA, CSE, PG&E and SCE state that the advice letter submitted by the Program Administrators in June 2014, which included changes to the MASH Handbook language and clarified the Section 2852 eligibility requirements, are sufficient to ensure that clear property eligibility standards exist for the program. Everyday Energy and the MASH Coalition suggest that mobile home parks should not be eligible under Section 2852 and claim that there were MASH projects installed at mobile home parks that did not meet the low-income property documentation eligibility requirements of Section 2852.[112] Specifically, Everyday Energy states that the mobile home park projects did not meet the

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[111] Staff Proposal July 2, 2014 Attachment B at 1.

[112] Everyday Energy July 22, 2014 comments at 11-12; MASH Coalition July 22, 2014 comments at 7.

requirements of Section 2852(3)(B) because the projects had deed restrictions that were only operative as a condition of receiving a MASH rebate, and the deed restriction itself was a unilateral deed restriction and not an enforceable deed restriction with an eligible third party.[113] Renewable Energy Partners and Shorebreak Energy filed Motions to Strike Everyday Energy and the MASH Coalition's comments related to mobile home park eligibility, and Everyday Energy subsequently filed a response to the Motions to Strike. Today, we deny the Motion to Strike but find that the evidence presented by Everyday Energy and the MASH Coalition carries minimal weight in our decision today.

GRID Alternatives states that in 2010, the Commission allowed single-family homes located in Empowerment/Enterprise Zones to meet the SASH affordable housing requirement, which had a significant impact on reaching low-income single-family homes in urban areas.[114] GRID identifies that this expansion had little impact on rural areas, as they are typically not designated as Empowerment/Enterprise Zones. To address this, GRID Alternatives recommends the program allow single-family homes located in IRS-defined Qualified Census Tracts to meet the SASH affordable housing requirement.[115] GRID Alternatives notes that both Qualified Census Tracts and Empowerment/Enterprise Zones are targeted area residences in Internal Revenue Code and believes that single-family homes located in Qualified Census

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113 Everyday Energy July 22, 2014 comments at 11-12,

114 GRID Alternatives July 22, 2014 comments at 4.

115 Qualified Census tracts are defined by Internal Revenue Code Section 143(j)(2) as "a tract in which 70 percent or more of the families have income which is 80 percent or less of the statewide median family income."

tracts have a presumed resale restriction and should meet SASH's resale restriction requirement as single-family homes in Empowerment/Enterprise Zones do.

No parties comment on GRID Alternatives' recommendation.

We find that Qualified Census Tracts provide the same level of assurance of a presumed resale restriction as Enterprise/Empowerment Zones for the purposes of determining SASH eligibility. In order to allow the SASH program to better reach single-family homes in rural areas of California, eligible households located in Qualified Census Tracts may meet the SASH resale restriction eligibility requirement.

With regard to eligibility under the MASH program, Section 2852 established clear standards on low-income property eligibility. Any multifamily property that appropriately demonstrates eligibility under the standards in Section 2852 that apply to multifamily properties shall meet the MASH low-income documentation eligibility requirement. However, we will require that the documentation presented under Section 2852(a)(3)(B) be independently enforceable and verifiable and not contingent upon participating in the CSI Low Income programs.

11.2. Tenant Benefits in MASH

The Staff Proposal suggests that it is unclear whether policies under the existing MASH program that are meant to pass the economic benefits of solar PV installations directly to tenants of MASH properties, like the higher Track 1B incentive for systems that offset tenant load, actually pass economic benefits on to MASH tenants.[116] Staff notes that the CSI-Thermal Low-Income program requires incentive applicants to submit an affidavit attesting that the property in question will remain low-income for at least 10 years, and another describing how benefits equaling at least 30% of the total incentive amount will be passed on to tenants through reduced energy costs, which is an easily measurable pass through of economic benefit. [117]

The Staff Proposal recommends that the Commission require the new MASH program authorization to adopt the CSI-Thermal Low-Income Program's tenant benefit policies. Staff reasons that adopting these requirements will help maximize the overall benefit to ratepayers, as required by AB 217, by taking a verifiable step to ensure that MASH tenants are benefitting from MASH incentives.[118]

Renewable Energy Partners supports the Staff recommendation, provided the property owner is given flexibility in how the benefits are transferred to tenants.[119] PG&E recommends that if transfer of incentives is required that the program should require the applicant to submit an affidavit attesting to how the benefits totaling 30% or more will be passed on to tenants.[120]

Everyday Energy, the MASH Coalition, SCE, CSE, and CALSEIA oppose the Staff Proposal. CALSEIA and the MASH Coalition state that placing

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116 Staff Proposal July 2, 2014 at 21.

117 *See*, Section C.19 of Appendix C to the CSI-Thermal Handbook at 110, http://www.cpuc.ca.gov/NR/rdonlyres/98CAEA2D-74DB-49ED-9BCE-1859866B3948/0/201309CSIThermalHandbook_poolFINAL.pdf

118 Staff Proposal July 2, 2014 at 22.

119 Renewable Energy Partners July 22, 2014 comments at 3.

120 PG&E July 22, 2014 comments at 14.

additional requirements on property owners for tenant benefits complicates financing and erodes the value of the incentive.[121] The MASH Coalition argues that further restrictions on the use of incentive funding would result in fewer eligible projects. SCE states that unless there is an existing program already in place to pass on the benefit to tenants, creating additional steps to import the benefit may be a barrier to participation.[122] With regard to the affidavit attesting that the property will remain affordable for 10 years, the MASH Coalition argues that affordability restrictions should be left to affordability housing regulators, not the Commission.[123]

CALSEIA, Everyday Energy and the MASH Coalition also state that the additional 30% incentive pass-through is unnecessary. They state that, because MASH-eligible properties are required to be managed as affordable housing, benefits by default flow to tenants. The MASH Coalition adds that the stability of the electric pricing that comes from the solar PV system strengthens the real estate asset, which improves the lives of tenants and reduces volatility for the property owner.[124] Everyday Energy also states that typically, energy savings from a solar installation allows the property owners to provide more tenant programs and keep their property better maintained. Because affordable

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[121] CALSEIA July 22, 2014 comments at 5-6; MASH Coalition August 1, 2014 reply comments at 10.

[122] SCE July 22, 2014 comments at 10.

[123] MASH Coalition July 22, 2014 comments at 15.

[124] MASH Coalition July 22, 2014 comments at 6.

housing units are subject to affordability restrictions, there is no way tenants would be taken advantage of without fines incurred by the property owner.[125]

Everyday Energy and the MASH Coalition point out that the 30% tenant benefit makes sense for solar thermal properties because most multifamily affordable housing has a centralized boiler, so there is no way for the property owner to assign benefit from the savings to tenants, whereas, with Virtual Net Energy Metering (VNM), if the MASH project offsets tenant load, that benefit would be assigned to the tenant directly through VNM.[126] CSE agrees with Everyday Energy and the MASH Coalition's arguments that the CSI-Thermal Low-Income tenant benefit policy is inappropriate for MASH properties, and recommends instead that the Commission retain common area load and tenant load incentive level tracks.[127]

We find that the requirement that 30% of total incentives a project receives be passed on as direct economic benefit to tenants of the property could be overly burdensome to implement and negatively impact project economics. We also find that while tenant benefits should be maximized to the extent possible, a chief benefit of solar PV for multifamily affordable housing appears to be its contribution to the long-term financial stability of the property, thereby assuring its preservation for low-income tenants. We disagree with CSE's recommendation that higher incentives be offered for systems offsetting tenant

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125 Everyday Energy July 22, 2014 comments at 7.

126 Everyday Energy July 22, 2014 comments at 9; MASH Coalition July 22, 2014 comments at 14.

127 CSE August 1, 2014 reply comments at 5.

area load due to the recent TCAC changes discussed in Section 8.2, the MASH Incentive Structure section of this decision.

We do, however, adopt the Staff Proposal's recommendation that applicants be required to submit an affidavit attesting that the property will remain affordable for a minimum of 10 years. We see this requirement as reasonable, as the term of the MASH contract and the solar PV system warrantee is 10 years, and we believe it would not be an unreasonable requirement given the long-term commitments to provide affordable housing these property owners are generally required to make in order to receive state or federal funding to develop or retrofit their properties.

12. Waitlisted MASH Applications

MASH currently has a waitlist of projects totaling over 50 MW of solar PV capacity. These projects will claim incentives with the funding established by Section 2851(f), as authorized by this decision. The Staff Proposal recommends that waitlisted projects be allowed to claim incentives if the projects: (1) abide by all new MASH rules and requirements adopted in this decision; and (2) are not installed or interconnected before the program reopens, since it would stand to argue that these projects did not require incentives in order to be built.[128] The Staff Proposal also recommends that if SASH develops a waitlist before the Commission authorizes the new programs that the same requirements apply to SASH.[129]

CSE, the MASH Coalition, PG&E, Renewable Energy Partners, SCE, Shorebreak Energy and ORA agree with the Staff Proposal that all projects

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[128] Staff Proposal July 2, 2014 at 25.

[129] Staff Proposal July 2, 2014 at 25.

funded under AB 217 should abide by the new job training and energy efficiency requirements. ORA agrees with the Staff Proposal that if a projects is already built before the MASH program reopens that it should not be eligible for an incentive. ORA argues that a place on the waitlist is not a guarantee of funding and that projects that were already successfully built without ratepayer funding should not receive incentives.[130] CSE, Everyday Energy, the MASH Coalition, Renewable Energy Partners, and Shorebreak Energy state that applicants whose projects were built within 12 months of the program reopening should be eligible for incentives, because project sponsors pursued their projects with AB 217 authorization in mind and moved forward with their projects with a general expectation that funding would become available. In addition, they argue that the current MASH program allows projects to receive incentives if they have installed their systems within 12 months of submitting their incentive application. Everyday Energy identifies at least five projects where construction has begun and explains that MASH projects are financed through a combination of short-term and long-term financial instruments and instances exist when it makes logistical, but not financial, sense to move forward because of a rehabilitation schedule for the property.[131] Everyday Energy states that these projects did take the eventual receipt of the AB 217 incentives into account in financing their projects and that if these projects were to be ineligible for incentives it would limit the benefits from the solar installation that could be shared with tenants.

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130 ORA August 1, 2014 reply comments at 3-4.

131 Everyday Energy August 1, 2014 reply comments at 6.

Parties also want to clarify that waitlisted projects should not have to "reapply," but rather should be allowed to keep their place in the queue as long as they provide documentation to the Program Administrators of meeting the new program requirements within a specific cure period. Parties provide a range of comments on timelines for the cure period. [132]

We agree that projects in MASH and SASH receiving incentives with funding authorized under Section 2851(f) should be required to meet the requirements established in this decision. These requirements shall apply to both new applications and waitlisted applications, except as exempted below. Projects on the waitlist shall be given 30 days from the date requested by the Program Administrator to provide documentation of meeting the new program requirements and shall be given an additional 10 days to cure from the date the Program Administrator notifies them that their documentation was insufficient or incomplete before being removed from the queue.

We disagree with the Staff Proposal's recommendation that waitlisted projects installed prior to the new program authorization should be ineligible for incentives. Instead, we allow waitlisted projects that installed systems before the effective date of this decision to remain eligible if they meet all other eligibility requirements aside from the new job training requirement as discussed below. The existing 12 month provision will continue to apply for new applicants. We

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[132] ORA recommends applicants be given a 30-day cure period to provide documentation, while Renewable Energy Partners recommends a 45 day cure period. The MASH Coalition and Shorebreak Energy recommend a 60 day cure period, where Program Administrators would be required to notify applicants within 14 days of receipt of the application if the documentation is sufficient, and if insufficient the applicant should be given an additional 10 days to cure before losing their place in the queue.

understand that decision-making affecting solar PV installation timelines in the affordable housing space is influenced by several factors. We believe it is reasonable that the project sponsors for MASH waitlisted projects would have expected that the existing program rule allowing a 12-month window to apply for an incentive after installation would remain under the new authorization. We therefore find it would be unfair and could potentially reduce the benefits conveyed to tenants of these properties were we to determine that projects installed before the effective date of this decision were ineligible for incentives. We also acknowledge that these projects were installed before the revised program eligibility rules were adopted. Therefore, these projects are exempted from the new job training requirement, but will only be eligible for the Track 1C incentive level, unless the applicant can demonstrate that the project met the Track 1D job training requirement. These installed projects will, however, be required to meet the energy efficiency enrollment and affordability requirements adopted in this decision.

Once the MASH program reopens, there is likely to be great interest in submitting new incentive applications, and a rush to submit on the opening day of the program. To ensure that the acceptance and review of new project applications is handled in a consistent and expeditious manner, we direct the MASH Program Administrators to propose a process for accepting and queuing new project applications that are submitted within a specific period of the program reopening.

1. Program Measurement and Evaluation

D.07-11-045 and D.08-10-036, which authorized the SASH and MASH programs, respectively, set specific measurement and evaluation reporting milestones. D.08-10-036, the MASH decision, required that the Program

Administrators submit a progress report to the Energy Division on a semi-annual basis through the close of the program. D.07-11-045, the SASH decision, required that the Program Administrator submit a progress report to the Energy Division on a quarterly basis through the close of the program. Both decisions also established a biennial program evaluation requirement and a close of program assessment.

The Staff Proposal recommends that the SASH quarterly reporting requirement be modified so that both SASH and MASH submit progress reports on a semi-annual basis. Staff also suggests that rather than have a static biennial review timeframe, which does not necessarily correspond to the progress or needs of the programs, that the Commission order a final end-of-program study to be completed by an outside evaluator, and to allow Energy Division staff to determine in the interim whether a mid-program assessment is necessary.[133] Staff highlights that Energy Division has contracted with Navigant Consulting to conduct an assessment of MASH and SASH program performance from 2011-2013, and depending upon demand, incentives could be subscribed anywhere between two and seven years from the opening of the programs. Staff argues it would be inefficient to include a static program evaluation requirement when there is uncertainty around how quickly the programs will expend their available incentives.[134]

CSE, Everyday Energy, PG&E, and SCE support Staff's proposal to align the SASH status report with the MASH report on a semi-annual basis and the

[133] Staff Proposal July 2, 2014 at 15.

[134] Staff Proposal July 2, 2014 at 15.

recommendation to require only an end of program report, with Energy Division having the discretion to request interim studies as necessary. No parties disagreed with Staff's proposed evaluation adjustments.

We find that changing the SASH program status reporting requirement so that requirement is semi-annual and aligns with the MASH reporting requirement is reasonable because it further enhances administrative efficiency of the program without compromising visibility into program performance. We also adopt Staff's proposal to require only a close of program report for both MASH and SASH and to allow the Director of Energy Division the discretion to engage any additional reporting as necessary. Energy Division shall contract with an outside entity to perform the close of program evaluation and any other evaluations they deem necessary.

13. Comments on Proposed Decision

The proposed decision of Commissioner Michael R. Peevey in this matter was mailed to the parties in accordance with § 311 of the Public Utilities Code and comments were filed on _________and reply comments were filed on _________.

14. Assignment of Proceeding

President Michael R. Peevey is the assigned Commissioner and Regina DeAngelis is the assigned ALJ for this portion of the proceeding.

Findings of Fact

1. AB 217 directs the Commission to modify MASH and SASH.
2. Ongoing maintenance of administrative resources for MASH and SASH will be necessary for Program Administrators to effectively manage the provisions of AB 217.

3. The existing MASH Program Administrators have efficiently administered the program at a fraction of their allocated administrative budgets while fully subscribing available incentives.

4. The existing MASH Program Administrators also have experience working with affordable housing developers, property owners, and customers in their assigned service territories, which will be valuable for the efficient administration of the program going forward.

5. We expect that, given the long waitlist, the MASH incentives could be subscribed quickly, thereby diminishing the potential efficiencies that could be realized by centralized program administration over the long-term.

6. GRID Alternatives has considerable expertise and success in managing the SASH program and working with low-income communities.

7. GRID Alternatives currently refers SASH participants to the ESA program.

8. Section 2852(d)(2) directs the Commission to ensure that the MASH and SASH programs require "participants who receive monetary incentives to enroll in the Energy Savings Assistance Program established pursuant to Section 382, if eligible."

9. Section 2852(d)(3) requires the Commission to ensure that the MASH and SASH programs provide job training and employment opportunities in the solar and energy efficiency sectors of the economy.

10. With regard to the SASH solar job training requirement, the existing SASH Sub-Contractor Partnership Program (SPP), administered by GRID Alternatives, is a proven model for providing job training.

11. The job training requirement should be enhanced for MASH projects, due to the significantly larger scale of MASH installations relative to SASH installations.

12. MASH projects will not be rendered economically infeasible by including the SASH program SPP model.

13. CALSEIA's request that the SPP model requirement only apply to a project when a suitable job training program exists within 50 miles of the project site is reasonable with applicant submitting proof to the appropriate MASH Program Administrator.

14. AB 217 set an installed capacity goal of 50 MW and authorized $108 million in additional funding for the new authorization of the MASH and SASH programs.

15. Insufficient funding may exist to reach 37.5 MW in the MASH program if Incentive Track 1B receives high levels of subscription.

16. While D.08-10-036 found that 88% of each Program Administrator's overall MASH funding should be put towards solar incentives, with the remaining 12% allocated for program administration, over the past five program years for MASH: (1) CSE has expended only approximately 72% of its administrative budget; (2) PG&E has expended only approximately 38%; and (3) SCE has expended only approximately 28% of its administrative budget.

17. The actual cost of administering the program is approximately 8% of the total budget, which is significantly lower than the currently allocated amount of 12% of total budget set forth in D.08-10-036.

18. The current MASH program has an administrative budget surplus.

19. Budgets may change under the new program due to unforeseen circumstances.

20. MASH program incentive levels must be reduced because less funding is available under the new program.

21. To meet the capacity, energy efficiency, and job training goals under AB 217, reforms are needed in both the MASH incentive structure and MASH program design.

22. Under the proposed Track 1C and 1D, MASH applicants would be encouraged with higher incentives under Track 1D to pursue cost-effective energy efficiency measures before installing ratepayer-incentivized solar panels.

23. Encouraging energy efficiency through the MASH incentive structure has benefits to the multifamily low-income community because energy efficiency improvements may help property owners realize additional cost savings, which can be passed on to tenants, and can help maximize the benefit of the MASH program to all ratepayers by reducing the amount of energy that must be purchased to serve tenant load, and reducing the amount of solar PV capacity needed to offset load for a specific MASH property.

24. Administration of SASH is labor-intensive and requires many hours on outreach, recruitment, application processing, volunteer training, and installation.

25. To meet capacity goals set forth in AB 217 with the authorized funding allocation, the SASH incentive levels will have to be reduced from current levels.

26. Under the current program, SASH incentives are non-declining and determined based on homeowners' federal income tax liability as well as their eligibility for CARE rates.

27. SASH projects could be installed with lower incentives due to lower panel prices and benefits of a third-party ownership financing structure for SASH projects.

28. In the past, SASH has provided incentives for solar PV systems installed on low-income, single-family homes at levels that effectively result in cost-free solar installations and create immediate bill savings for homeowners.

29. Under the reduced funding levels authorized in Section 2851(f), SASH will be required to install similar capacity totals with half the funding per installed watt of the existing program.

30. Since 2007, third-party ownership financing of systems has become far more prevalent in California, accounting for the majority of customer-side installed capacity, and a recent study by Navigant Consulting conducted on behalf of the Commission found that third-party ownership arrangements have not resulted in widespread consumer protection issues.

31. The motion filed by Renewable Energy Partners and Shorebreak Energy to strike Everyday Energy and the MASH Coalition's comments related to mobile home park eligibility is denied.

32. The evidence presented by Everyday Energy and the MASH Coalition and which is the subject of a motion to strike carries minimal weight in our decision today.

33. Qualified Census Tracts provide the same level of assurance of a presumed resale restriction as Enterprise/Empowerment Zones for the purposes of determining SASH eligibility.

34. Section 2852 provides guidelines on low-income property eligibility standards for participation in SASH and MASH.

35. It is unclear whether the economic benefits of solar PV installations pass directly to tenants of MASH properties.

36. A chief benefit of solar PV for multifamily affordable housing appears to be its contribution to the long-term financial stability of the property, thereby assuring its preservation for low-income tenants.

37. MASH currently has a waitlist of projects totaling over 50 MW of solar PV capacity. These projects will claim incentives with the funding established by Section 2851(f), as authorized by this decision.

38. D.07-11-045 and D.08-10-036 include specific measurement and evaluation reporting milestones for MASH and SASH.

Conclusions of Law

1. In implementing AB 217, all existing policies and procedures should be retained that apply to the existing MASH and SASH programs, unless specified otherwise in this decision.

2. MASH and SASH Program Administrators should update and maintain their program databases and handbooks because the ongoing maintenance of administrative resources will be necessary for Program Administrators to effectively manage the provisions of AB 217.

3. The MASH Program Administrators should maintain the MASH portion of the PowerClerk online application database through the end of the new program authorization to ensure effective management of MASH.

4. The MASH Program Administrators should not be required to maintain the database contract for the CSI General Market program.

5. The SASH Program Administrator should maintain the SASH program database, which is separate from the PowerClerk database, through the end of the new program authorization.

6. The SASH Program Administrator should update the SASH Handbook to reflect changes to the program established in today's decision, and to continue to maintain the Handbook through the close of the new program authorization.

7. Because the CSI General Market program will sunset at the end of 2016, the MASH Program Administrators should be directed to create a standalone Handbook for the new MASH program, and to maintain the Handbook through the close of the new program authorization. The new MASH Handbook should utilize existing MASH program language in the CSI Handbook, as appropriate, and be edited to include changes to the program established in this decision.

8. The Program Administrators should be required to accept and store incentive application documents and records in accessible electronic form in the PowerClerk database whenever possible going forward.

9. It is premature to assign responsibility for ongoing maintenance of the CEC-certified eligible equipment list and the GoSolarCalifornia brand and website specifically for the MASH and SASH programs because the CSI General Market program, which established authorization of these resources, does not sunset until 2016.

10. Centralization of MASH Program Administration will not result in any increased efficiencies and the program will not necessarily benefit from standardization.

11. The current MASH Program Administrators should continue in their roles through the end of the AB 217 program extension because maintaining the current program administration roles will expedite implementation of the new program under AB 217 and allow the program to continue to benefit from the experience the administrators have gained over the previous five years of the program.

12. Because of GRID Alternatives' expertise, the program will benefit if GRID Alternatives continues to administer SASH through the end of the AB 217 program extension at the end of 2021 or until funding is expended, whichever occurs first.

13. SCE should renew its contract with GRID Alternatives for continued administration of the SASH program through the end of the AB 217 program extension rather than rely on a competitive solicitation because GRID Alternatives is uniquely positioned to fill this role and has a strong track record of managing the SASH program efficiently and effectively.

14. D.07-11-045 required enrollment in the ESA program, if eligible, as a prerequisite to SASH participation, so it is unnecessary for the Commission to order this requirement again in today's decision.

15. Because Section 2852(d)(2) states that "participants who receive monetary incentives" are required to enroll in the ESA program, it is reasonable to find that this requirement applies to the homeowner participating in the SASH program and the property owner in the MASH program, as this is the entity that receives the incentive.

16. Although the statutory requirement to enroll in the ESA program, if eligible, applies only to the property owner, the MASH program can help maximize benefit to all ratepayers by creating a pathway to tenant enrollment in the ESA program to help reduce energy costs for tenants, and reduce the size of the solar system needed to offset the property's total load, thereby maximizing the overall benefit to ratepayers.

17. It is reasonable for MASH applicants to contact the ESA Program to determine eligibility of their tenants and property (if common area measures are offered) for the program in order to be eligible for MASH incentives. If tenants

of the property are deemed eligible they should be required to enroll in the ESA Program as part of the MASH eligibility requirement. For those properties and tenants that do not meet the ESA Program occupancy threshold of at least 80% of tenants with incomes at or below 200% of the federal poverty level, those properties and tenants should be required to enroll in the MIDI program, as appropriate.

18. It is reasonable to adopt the Staff Proposal's recommendation to require the MASH and SASH Program Administrators to provide a confidential Data Annex to their semi-annual program reports that includes: (1) the number of SASH participants enrolled in the ESA program; and (2) the number of MASH tenants referred and the number of MASH tenants enrolled in the ESA program because this reporting requirement will allow Energy Division staff to evaluate and report on MASH and SASH program contributions to energy efficiency improvements in California.

19. With regard to the SASH solar job training requirement, the existing SASH SPP, administered by GRID Alternatives, is a proven model for providing job training and would be sufficient for meeting the new statutory job training requirement. GRID Alternatives' volunteer training program would also be sufficient for meeting the job training requirement.

20. The SASH program SPP model is a proven model and should be adapted for implementation by MASH solar contractors in accordance with the Section 2852(d)(3) job training requirement.

21. It is reasonable for the funding allocation to replicate the funding allocation from the SASH and MASH authorizations in 2007 and 2008 and, as a result, to split the $108 million in funding evenly between SASH and MASH.

22. It is reasonable to set capacity targets of 35 MW for MASH and 15 MW for SASH because insufficient funding may exist to reach a different allocation target under the adopted funding allocations and MASH incentive levels.

23. The funding for both programs should continue to be collected from ratepayers through the distribution rates of PG&E, SCE and SDG&E in the same manner and following the same percentage allocations of total funding in place under the existing programs as in Table 1 because this is consistent with the formula used for allocating funding across all CSI programs.

24. Based on historical information, a reduction in the MASH budget for administration, marketing and program evaluation is reasonable and should be as follows: total budget shall be 7% for administration, marketing and evaluation, with a 1% reserve of this amount for evaluation.

25. It is reasonable to adopt the MASH budget allocation presented in Table 2.

26. It is reasonable to rollover the current budget surplus from the current MASH program to the new program because this funding may be used to further the goals of the program established by AB 217.

27. A Tier 2 advice letter is a reasonable means to addressing budget imbalances because it is unclear how program administration costs will change under the new program.

28. It is reasonable to continue to require MASH applicants to obtain an energy efficiency audit or demonstrate compliance with Title 24 of the California Code of Regulations, as is required by D.08-10-036, in order to be eligible for the Track 1C incentive.

29. Applicants should meet more stringent energy efficiency requirements to receive the higher Track 1D incentives.

30. Energy efficiency walkthrough audits should be paid for through existing energy efficiency programs rather than by the MASH program.

31. Applicants for the Track 1D incentive should have an energy efficiency walkthrough audit conducted that meets ASHRAE Level I requirements or higher, or enroll in either a utility, a regional energy network (REN), a CCA, or a federally funded whole-building multifamily energy efficiency program.

32. To receive the Track 1D incentive level, the project must provide a job training opportunity to more than one job trainee.

33. It is reasonable to adopt a cap on Track 1D incentives because the Track 1D requirement costs do not scale up in cost as the size of the solar system increases.

34. To not disproportionately award incentives for larger systems, we should cap the $1.40/watt incentive for Track 1D to the first 100 kW of a system. Any additional capacity incented under the program for each project sized above 100 kW should receive the lower, $0.90/watt Track 1C incentive level.

35. It is reasonable to adopt the following incentive structure because it furthers the job training and energy efficiency goals established in AB 217 by providing additional incentives to realize greater energy efficiency gains and provide additional job training opportunities.

Adopted MASH Incentive Tracks

Track	Incentive Amount	Eligibility Requirements
1C	$0.90/watt	• Tenants enroll in ESA program, if eligible • Provide job training opportunity to one trainee • At least 20% of onsite units are affordable • Complete Energy Audit or meet Title 24

1D	$1.40/watt (first 100 kW)	• Tenants enroll in ESA program, if eligible • Provide job training opportunity to more than one trainee, with one additional trainee for each 10 kW up to 50 kW • At least 50% of onsite units are affordable • Conduct onsite walkthrough energy audit at ASHRAE Level I or higher, or enrolls in a utility, REN, CCA or federally provided whole-building multifamily energy efficiency program.

36. Both tracks shall continue to provide fixed, up front rebates for qualifying solar energy systems, using the EPBB methodology that is currently used in the program.

37. The current budget allocation for SASH should be maintained because SASH will require the same level of administrative commitment going forward as under the previous SASH program.

SASH Budget Allocation

Category	**Budget Allocation**
Incentives	$45,900,000 (85%)
Administration	$5,400,000 (10%)
Marketing and Outreach	$2,160,000 (4%)
Evaluation	$540,000 (1%)
Total	**$54,000,000**

38. Establishing a single $3/watt incentive level for all SASH projects supports streamlining the application and financing process.

39. GRID Alternatives should be authorized to pursue third-party ownership financing structures to allow the SASH program to maximize available incentive

funding by allowing projects to benefit from the tax credits and depreciation that accrue to private owners of solar PV systems.

40. The motion filed by Renewable Energy Partners and Shorebreak Energy to Strike Everyday Energy and the MASH Coalition's comments related to mobile home park eligibility is denied.

41. To allow the SASH program to better reach single-family homes in rural areas of California, eligible households located in Qualified Census Tracts may meet the SASH resale restriction eligibility requirement.

42. Section 2852 establishes clear standards on low-income property eligibility. Any multifamily property that appropriately demonstrates eligibility under the standards in Section 2852 that apply to multifamily properties shall meet the MASH low-income documentation eligibility requirement. However, documentation presented under Section 2852(a)(3)(B) should be independently enforceable and verifiable and not contingent upon participating in the CSI Low Income programs.

43. MASH Applicants should be required to submit an affidavit attesting that the property will remain affordable for a minimum of 10 years because the term of the MASH contract and the solar PV system warrantee is 10 years.

44. MASH and SASH projects receiving incentives with funding authorized under Section 2851(f) should be required to meet the requirements established in this decision and these requirements shall apply to both new applications and waitlisted applications, with certain exceptions.

45. MASH and SASH projects on the waitlist should be given 30 days from the date requested by the Program Administrator to provide documentation of

meeting the new program requirements and shall be given an additional 10 days to cure from the date the Program Administrator notifies them that their documentation was insufficient or incomplete before being removed from the queue.

46. The Staff Proposal's recommendation that waitlisted projects installed prior to the new program authorization should be ineligible for incentives is not reasonable. Instead, waitlisted projects installed before the effective date of this decision remain eligible for incentives if they meet all other eligibility requirements aside from the new job training requirement. The existing 12 month provision will continue to apply for new applicants.

47. Changing the SASH program status reporting requirement so that the requirement is semi-annual and aligns with the MASH reporting requirement is reasonable because it further enhances administrative efficiency of the program without compromising visibility into program performance.

48. Only a close of program report is required for both MASH and SASH but the Director of Energy Division is permitted to require any additional reporting as necessary.

O R D E R

IT IS ORDERED that:

1. Within 60 days of the effective date of this decision, the Multifamily Affordable Solar Housing (MASH) Program Administrators shall jointly file a Tier 2 advice letter with a standalone MASH Handbook that builds off the MASH sections of the current California Solar Initiative Handbook. The draft

Handbook should include proposed amendments to existing MASH handbook language to incorporate changes to the program needed to align with this decision. The advice letter may also include adjustments to the Program Administrators' 2015 Marketing and Outreach budgets and plans to reflect changes to the program adopted in this decision.

2. Within 60 days of the effective date of this decision, the Single Family Affordable Solar Homes (SASH) Program Administrator shall file a Tier 2 advice letter with a revised SASH Handbook, which should amend the existing SASH Handbook to incorporate changes to the program needed to align with this decision. The advice letter may also include adjustments to the Program Administrator's 2015 Marketing and Outreach budget and plan to reflect changes to the program adopted in this decision.

3. Southern California Edison Company shall renew its contract with GRID Alternatives for the Single Family Solar Homes Program Administrator role through the end of the Assembly Bill 217 program extension.

4. The Multifamily Affordable Solar Housing (MASH) and Single Family Affordable Solar Homes (SASH) Program Administrators shall provide a confidential Data Annex to their semi-annual program reports that includes: (1) the number of SASH participants enrolled in the Energy Savings Assistance (ESA) program; and (2) the number of MASH tenants referred and the number of MASH tenants enrolled in the ESA program.

5. GRID Alternatives shall ensure that every Single Family Affordable Solar Homes (SASH) project provides a job training opportunity through either volunteer program or its Sub-contractor Partnership Program wherein the solar sub-contractor who performs the SASH installation for GRID Alternatives must

hire at least one student or graduate of a job training organization for at least one full paid day of work.

6. Each Multifamily Affordable Solar Housing (MASH) project shall provide, at a minimum, at least one student or graduate of a job training organization with at least one full paid day of work on the MASH solar installation for which the MASH incentive will be paid, as is currently required in the Single Family Affordable Solar Homes Sub-contractor Partnership Program, unless no suitable job training program is in a suitable proximity as determined by the Program Administrators. If the job training organization does not provide liability coverage for its trainees, the contractor must provide this coverage.

7. The Multifamily Affordable Solar Housing (MASH) Program Administrators shall develop standards for demonstrating unsuitable job training program proximity and guidance on community outreach to be completed in place of providing the job training opportunity. The MASH Program Administrators shall also develop an affidavit that job trainees must sign as part of the incentive application process indicating that the job opportunity was provided.

8. Program Administrators shall provide a confidential Data Annex to their semi-annual reports that includes the number of job trainees, and hours worked, for Multifamily Affordable Solar Housing Program and Single Family Affordable Solar Homes installations.

9. The utilities shall initiate collections of the funding pursuant to Public Utilities Code Section 2851(f) upon the expenditure or reservation of the total amount authorized for funding the existing Multifamily Affordable Solar Housing Program and Single Family Affordable Solar Homes programs. The

utilities shall ensure that total amount collected does not exceed $108 million.

10. Pursuant to Public Utilities Code Section 2851(f), the utilities shall use amounts collected for purposes of funding the California Solar Initiative General Market program, that remain unspent and unencumbered after December 31, 2016, to reduce their respective portion of the total amount collected for the purposes of funding the new program authorization.

11. The Program Administrators shall ensure that program expenditures in each utility's service territory do not exceed the total authorized budget amounts over the duration of the programs. The program budgets will be available until all funds are exhausted or until December 31, 2021, whichever occurs first. Any money unspent and unencumbered on January 1, 2022, shall be used for "cost-effective energy efficiency measures in low-income residential housing that benefit ratepayers," as set forth in Public Utilities Code Section 2852(c)(3).

12. The Multifamily Affordable Solar Housing Program Administrators shall rollover the administrative budget surplus from the current program to the new program's administrative budget, and, in addition, the Program Administrators may request Commission approval to transfer funding from their administrative budgets to their incentive budgets via a Tier 2 advice letter. Any request to transfer funding from the 7% administrative budget to the incentive budget shall leave 1% in the administrative budget for evaluation.

13. The Program Administrators shall submit to the Director of Energy Division semi-annual administrative expense reports detailing administrative expenditures incurred by category (*i.e.*, marketing and outreach, evaluation, and other administration) before the Single Family Affordable Solar Homes and The Multifamily Affordable Solar Housing Programs.

14. Pacific Gas and Electric Company shall lead a workshop on available energy efficiency programs for Multifamily Affordable Solar Housing contractors and property owners, and shall propose a date for this workshop in the implementing advice letter the Program Administrators are directed to submit.

15. GRID Alternatives may file a Tier 2 advice letter requesting Commission approval to transfer funding from the Multifamily Affordable Solar Housing and Single Family Affordable Solar Homes programs' administrative budgets to the incentive budget or between budgets. Any request to transfer funding shall retain at least 1% of the administrative budget for evaluation.

16. GRID Alternatives shall submit a Tier 3 advice letter that proposes a third-party ownership (TPO) model. The Tier 3 advice letter shall demonstrate how the proposed TPO model meets the following minimum standards:

- Ensure Single Family Affordable Solar Homes customers receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment;
- Reduce or eliminate barriers for customers with poor credit (low FICO scores) to qualify and participate;
- Address concerns that homeowners may have about moving or selling their home during the TPO contract term;
- Cover maintenance, operations, inverter replacement, and monitoring;
- Prohibit liens on homes;
- Minimize the risk to the low-income customer that the solar system would be removed for delinquent payments;
- Ensure that all costs are apparent and up front and that there is no risk that the TPO deal would result in an additional financial burden to the family;

- Standardize financial terms for low-income customers where possible;
- Protect the customer against terms that could change after contract signing;
- Require that TPO agreements include an affidavit from the customer acknowledging the potential for additional costs associated with the contract;
- Require the TPO provider to clearly explain that rate changes will affect the economics of a power purchase agreement; and
- Require that TPO agreement provisions spell out what happens in the event that the solar financing company defaults.

17. GRID Alternatives shall provide a confidential appendix to the advice letter, which includes market sensitive details for the third-party ownership (TPO) financing arrangement for Single Family Affordable Solar Homes (SASH), in line with the confidentiality protocols established for the Renewables Portfolio Standard in Decision (D.) 06-06-066 and D.08-04-023. Upon Commission approval of the Tier 3 advice letter, GRID Alternatives may implement the TPO model to fund SASH solar installations.

18. The motion filed by Renewable Energy Partners and Shorebreak Energy to Strike Everyday Energy and the Multifamily Affordable Solar Housing Coalition's comments related to mobile home park eligibility is denied.

19. The Multifamily Affordable Solar Housing Program Administrators shall propose a process for accepting and queuing new project applications that are submitted within a specific period of the program reopening to ensure that the acceptance and review of new project applications is handled in a consistent and expeditious manner.

20. Director of Energy Division is permitted to require any additional reporting as necessary in connection with the Multifamily Affordable Solar Housing and Single Family Affordable Solar Homes programs.

21. Rulemaking 12-11-005 remains opens.

This order is effective today.

Dated ____________________________, at San Francisco, California.